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CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORT

COUNTRY Austria (Russian Zone)

DATE:

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SUBJECT Miscellaneous Economic and
Political Information
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CONFIDENTIAL INFO.

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ORIGIN

This document is hereby regraded to
CONFIDENTIAL in accordance with
letter of 16 October 1978 from the
Director of Central Intelligence to the
Archivist of the United States.

SUPPLEMENT

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1. Warenhaus Schischka, Vienna, is used by the Russians in Austria as an outlet for so-called export goods which this concern sells in Austria for schillings. The firm's partners have made large sums and their profits, so far, total about 3,000,000 schillings.

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Goods needed by the Russians are bought in Austrian stores and exchanged for textiles, such as yarn and rayon, held by the Russians.

2. The partners of the Schischka concern have formed the trading company DEGOS and finally obtained sole control over the distribution of the St. Poelten Glanzstoff - Fabrik (the textile industry is under the Light Industry Section of USIVA). All goods released by the Russians to the Austrian Government are now handled through DEGOS.

3. DEGOS, ostensibly an Austrian concern, is in reality a new Soviet sales organization for the distribution of the manufactured goods of USIVA. DEGOS is located at 1 Wipplingerstrasse, Vienna 1.

4. The Russians are undertaking a careful assessment of many properties in the silk and textile industries now under Soviet control. It has been learned that, because of failure to replace worn-out machinery and the lack of all but the most urgent repairs of their equipment, a number of the factories are in bad condition. Rather than make large investments to improve the factories, the Russians may decide shortly to give up some of those which are too badly deteriorated to be of any further use to them.

5. [REDACTED]

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6. [REDACTED] reports the presence at the Imperial Hotel of Lutikov of the USIVA sales organization and Colonel Dykhomiriov, whose functions are unknown; both are members of the Communist Party of the Soviet Union.

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NO CHANGE in Class. ☐

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Class. CHANGED TO: TS S

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industrial installations and is said to have supervised the dismantling of armament plants in Czechoslovakia (sic). He is described as about fifty years of age, small in stature, dark, and slender).

7. It is said that the members of the Communist Party of the Soviet Union at the Imperial Hotel are interested in economic as well as political matters and extremely powerful in deciding Austrian questions. 25X1

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8. It is also reported that Russia regards the question of German property in Austria as a political issue. On the one hand, the Russians are willing to make concessions to the Austrian Government on condition that the Communist Party be conceded certain rights within the Government; on the other hand, the Russians wish to secure extra-territorial rights in the matter of the concerns which remain under Soviet control. So long as negotiations with the Austrian Government fail to secure these extra-territorial rights for the Russians, they will refuse to conclude any agreement during the treaty conferences.

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9. In Russian quarters it is claimed that no further machine installations will be shipped to Russia, because none of the machinery which has been sent to Russia has arrived there in good condition. At present, it is reported, textile machinery, such as weavers' looms, is being brought from Saxony to the Russian Zone of Austria.

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